

Summary of Terms and Conditions

<i>Borrower:</i>	Duke Power Company LLC
<i>Administrative Agent:</i>	An affiliate of Citigroup Global Markets Inc.
<i>Syndication Agent:</i>	Bank of America, N.A.
<i>Joint Lead Arrangers:</i>	Citigroup Global Markets Inc. and Banc of America Securities LLC (the “ Arrangers ”)
<i>Other Agents:</i>	JPMorgan Chase Bank
<i>Lenders:</i>	Syndicate of lenders acceptable to the Borrower and the Arrangers.
<i>Type and Amount of Facility:</i>	Amended and Restated \$500,000,000 5-Year Letter of Credit and Revolving Credit Facility, converting at the Borrower’s option to a one-year Term Loan (the “ Facility ”). The Facility will be documented as an amendment and restatement of the Amended and Restated \$500,000,000 5-Year Credit Agreement dated as of June 30, 2005 with the Borrower, as amended.
<i>Effective Date:</i>	On or before July 15, 2006.
<i>Issuance of Letters of Credit Under Facility:</i>	Letters of Credit may be issued at any time from the Effective Date to the Maturity Date (as such term is defined below). At no time shall the aggregate undrawn face amount of the Letters of Credit under the Facility exceed \$250,000,000. The Borrower may request the Administrative Agent (or another Lender willing to do so) (in either case, the “ Fronting Bank ”) to issue on behalf of all Lenders one or more trade or standby Letters of Credit. Letters of Credit may have expiry dates until the first anniversary of the Maturity Date. Each Lender shall automatically acquire a participation in each Letter of Credit issued under the Facility in the same proportion that its commitment bears to the total commitments under the Facility.
<i>Letter of Credit Fees Under Facility:</i>	The Borrower shall pay a letter of credit fee to the Administrative Agent for the account of the Lenders ratably in proportion to their commitments on the aggregate undrawn face amount of outstanding Letters of Credit at a rate per annum equal to the Applicable Margin (as such term is defined below), calculated on the basis of the actual number of days elapsed in a year of 360 days. In addition, the Borrower shall pay to each Fronting Bank a fronting fee on the Letters of Credit issued by such Fronting Bank at the rate of 0.125% per annum or such other rate as may be mutually

	agreed from time to time.
<i>Loans Available Under Facility:</i>	Revolving loans under the Facility shall hereinafter be referred to as the “ Revolving Loans ” and any term loan under the Facility shall hereinafter be referred to as a “ Term Loan ”. “ Loan ” refers to either or both, as the context may require.
<i>Optional Reductions of Facility:</i>	Upon three business days’ notice, the Borrower will have the right to reduce the Facility in minimum amounts of \$10,000,000 or incremental multiples of \$1,000,000 or terminate the Facility in its entirety.
<i>Maximum Revolving Loans Outstanding:</i>	At no time shall the aggregate principal amount of the outstanding Revolving Loans and the aggregate undrawn face amount of the outstanding Letters of Credit exceed the amount of the Facility.
<i>Purpose:</i>	The Letters of Credit and Loans will be used for general corporate purposes, including commercial paper back-up and acquisitions.
<i>Maturity Date:</i>	The fifth anniversary of the Effective Date; however, such date may at the option of the Borrower be extended for one year from the then scheduled Maturity Date so long as Lenders having not less than 51% of the aggregate amount of the commitments consent to such extension. The Maturity Date will not in any event be extended with respect to any Lenders that do not consent to such extension. The Borrower shall have the right to both substitute one or more lenders or request an increase in the commitments of existing Lenders so that all or a portion of the commitment of any Lender not agreeing to such extension is provided by such new lender(s) or existing Lenders.
<i>Facility Increase</i>	At any time after the Effective Date, the Borrower may propose an increase to the total commitments under the Facility; <i>provided</i> that after giving effect to any such increase, the total commitments under the Facility shall not exceed \$700,000,000.
<i>Making of Revolving Loans Under Facility:</i>	The Revolving Loans may be made at any time from the Effective Date to the day before the Maturity Date.
<i>Interest on Loans Under Facility:</i>	Subject to the limitations noted below, the Borrower may select either of the following interest rate options on the Loans: <ul style="list-style-type: none"> • Base Rate • LIBOR plus the Applicable Margin

See Appendix for definitions of the above rates.

The Loans bearing interest based on the Base Rate (the “**Base Rate Loans**”) shall be: (i) in minimum amounts of \$10,000,000 and incremental multiples of \$1,000,000; (ii) bear interest calculated on the basis of the actual number of days elapsed in a year of 365-366 days, as the case may be; (iii) made available on notice given on the date of such Base Rate Loan; and (iv) made on a pro rata basis by all Lenders.

Interest on the Base Rate Loans will be payable quarterly in arrears on the first business day of each calendar quarter.

The Revolving Loans bearing interest based on LIBOR (the “**LIBOR Loans**”) shall be: (i) in a minimum amount of \$10,000,000 and incremental multiples of \$1,000,000; (ii) bear interest calculated on the basis of the actual number of days elapsed in a year of 360 days; (iii) made available on three business days’ prior notice; and (iv) made on a pro rata basis by all Lenders.

Interest on the LIBOR Loans will be payable in arrears at the end of the applicable LIBOR Interest Period, but no less frequently than quarterly.

Applicable Margin Under Facility:

The interest margins on the LIBOR Loans (the “**Applicable Margin**”) shall be as set forth in the Pricing Schedule.

Facility Fee Under Facility:

Per annum facility fee (the “**Facility Fee**”) at the applicable rate specified in the Pricing Schedule on the maximum amount available under the Facility (whether used or unused). The Facility Fee is calculated based on a year of 365-366 days, as the case may be, for the actual number of days elapsed, and will be paid quarterly in arrears; *provided* that such Facility Fee shall be paid in equal quarterly installments for each full quarter in which the amount of the Facility remains unchanged.

Default Interest Under Facility:

Interest on any Loan not paid when due will accrue interest at a rate which is one percent per annum in excess of the higher of the Base Rate and the interest rate which would otherwise be applicable, and will be payable on demand.

Voluntary Prepayments Under Facility:

The Base Rate Loans and the LIBOR Loans may be prepaid in whole or, subject to certain minimum remaining balances, in part in minimum amounts of \$5,000,000 and integral multiples of \$1,000,000, with prior notice. The LIBOR Loans are subject to broken funding surcharges.

Registrar Under Facility:

Rather than issue notes to evidence the Loans, the

Administrative Agent will maintain a register. However, upon the request of any Lender the Borrower will issue a note to such lender to evidence the Loans made by such Lender.

Term Loan Under Facility:

On the Maturity Date of the Facility, the Borrower will have the option to borrow up to the full amount of the commitments, less the aggregate undrawn face amount of the outstanding Letters of Credit, as a Term Loan maturing one year after the Maturity Date. Each such Term Loan will be subject to all the terms of the Base Rate Loans or the LIBOR Loans, as applicable, except that amounts prepaid cannot be reborrowed.

Security Under Facility:

Unsecured.

Required Lenders for Facility:

Lenders holding at least 51% of the commitments for the Facility.

Participations and Assignments Under Facility:

Lenders will have the right to transfer or sell participations in their loans or commitments with the consent, so long as no Event of Default has occurred and is continuing, of the Borrower (not to be unreasonably withheld or delayed), but with the transferability of voting rights limited to changes in principal, rate, fees and term. Assignments, which must be in amounts of at least \$10,000,000, will be allowed with the consent of the Fronting Bank, the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower (not to be unreasonably withheld or delayed). All assignments shall be subject to a transaction fee established by, and payable by the assigning Lender to, the Administrative Agent for its own account.

Representations and Warranties Under Facility:

The documentation for the Facility (the “**Credit Agreement**”) will include the following representations and warranties:

(1) Fair presentation of the consolidated financial position of the Borrower and its Consolidated Subsidiaries by the audited and unaudited consolidated financial statements furnished to the Lenders and prepared in accordance with generally accepted accounting principles (“**GAAP**”), except for year-end adjustments and the absence of footnotes in the unaudited statements.

(2) Absence of material adverse change in the business, financial position or results of operations of the Borrower and its Subsidiaries taken together as a whole.

(3) Due organization and valid existence of the Borrower, and due qualification to do business as a foreign limited

liability company where required, except where failure to qualify would not have a material adverse effect on the business, financial position or results of operations of the Borrower and its Subsidiaries taken together as a whole (“**Material Adverse Effect**”).

(4) Due authorization by the Borrower of execution, delivery and performance of the Credit Agreement; the obtaining by the Borrower of all material governmental consents and approvals for such execution, delivery and performance, and the Borrower’s compliance with all applicable laws in entering into the Credit Agreement.

(5) The validity, binding effect and enforceability against the Borrower of the Credit Agreement, except for bankruptcy or similar proceedings.

(6) No material violation of law (including Regulation U) or contractual obligation arising from execution, delivery and performance of the Credit Agreement by the Borrower.

(7) Except as disclosed to the Lenders, absence of legal proceedings which are likely to be decided adversely to Borrower and if so decided would have a Material Adverse Effect.

(8) Compliance with laws, including ERISA and environmental laws, except for violations which would not have a Material Adverse Effect or where the necessity of compliance is contested in good faith by appropriate proceedings.

(9) Payment of taxes, except where non-payment would not have a Material Adverse Effect or to the extent they are the subject of a good faith contest.

Conditions to Borrowing Under Facility:

The Facility will include the following conditions to borrowing:

(1) Absence of default and (2) accuracy of representations and warranties, except the representations as to no material adverse change and material litigation.

Affirmative Covenants Under Facility:

The Facility will include the following affirmative covenants:

(1) Providing audited annual financial statements for the Borrower and its Consolidated Subsidiaries within 120 days after the end of each fiscal year; providing unaudited quarterly consolidated financial statements for the Borrower and its Consolidated Subsidiaries within 60 days after the end of each of the first three fiscal quarters of each fiscal year of

Borrower; providing notices of defaults; providing copies of SEC filings and registration statements; providing ERISA reports to the extent any exist; and providing other information regarding the financial position or business of the Borrower reasonably requested by the Administrative Agent at the request of any Lender.

(2) Payment of taxes except (a) where failure to pay would not result in a Material Adverse Effect or (b) if contested in good faith.

(3) Maintenance of properties, ordinary wear and tear excepted.

(4) Maintenance of insurance on a basis comparable to the insurance maintained by reputable companies engaged in the same or similar business, provided that Borrower can self-insure if other such companies also self-insure.

(5) Maintenance of existence and maintenance of rights and privileges of Borrower and Material Subsidiaries, except that rights and privileges, and existence of Material Subsidiaries, can be terminated if Borrower so decides in good faith that such termination is in its best interest.

(6) Compliance with law except (a) to the extent failure to comply would not have a Material Adverse Effect or (b) compliance therewith is contested in good faith.

(7) Maintain books and records and permit inspections upon reasonable notice and during normal business hours.

Negative Covenants Under Facility:

The Facility will include the following negative covenants:

(1) Negative Pledge on Borrower with the following exceptions:

- (a) liens granted by the Borrower existing on the Effective Date securing debt outstanding on the Effective Date;
- (b) the lien of the Mortgage Indenture (as such term is defined below) securing debt outstanding on the Effective Date or issued thereafter;
- (c) any lien on any asset of any corporation or other entity existing at the time such entity is merged or consolidated with or into the Borrower and not created in contemplation of such event;
- (d) any lien existing on any asset prior to the acquisition thereof by the Borrower and not created in

contemplation of such acquisition;

- (e) any lien on any asset securing debt incurred or assumed for the purpose of financing all or any part of the cost of acquiring such asset, provided that such lien attaches to such asset concurrently with or within 180 days after the acquisition thereof;
- (f) any lien arising out of the refinancing, extension, renewal or refunding of any debt secured by any lien permitted by any of the foregoing clauses, provided that such debt is not increased and is not secured by any additional assets;
- (g) liens for taxes, assessments or other governmental charges or levies not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;
- (h) statutory liens of landlords and liens of carriers, warehousemen, mechanics, materialmen and other liens imposed by law, created in the ordinary course of business and for amounts not past due for more than 60 days or which are being contested in good faith by appropriate proceedings which are sufficient to prevent imminent foreclosure of such liens, are promptly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP;
- (i) liens incurred or deposits made in the ordinary course of business (including, without limitation, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, leases, contracts (other than for the prepayment of debt), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts;
- (j) easements (including, without limitation, reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, variations and other restrictions, charges or encumbrances (whether or not recorded) affecting the use of real property;

- (k) liens with respect to judgments and attachments which do not result in an Event of Default;
- (l) liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases, public or statutory obligations, surety, stay, appeal, indemnity, performance or other obligations arising in the ordinary course of business;
- (m) other liens including liens imposed by Environmental Laws arising in the ordinary course of its business which (i) do not secure debt, (ii) do not secure any obligation in an amount exceeding \$100,000,000 at any time at which all senior debt securities of Borrower outstanding at such date which have been rated by S&P or Moody's are not rated BBB- or higher by S&P and Baa3 or higher by Moody's, as the case may be, and (iii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business; and
- (n) liens not otherwise permitted securing obligations in an aggregate amount not exceeding \$500,000,000.

(2) Prohibition on mergers, consolidations or sales of Substantial Assets to any person other than a subsidiary ("**Substantial Assets**" being at least 25% of consolidated assets), except mergers are permitted if the Borrower is the survivor and after giving effect to such merger no Default or Event of Default is continuing.

(3) Use of proceeds as set forth under "Purpose" above and not to purchase or carry margin stock.

Financial Covenants Under Facility:

Borrower will not permit the ratio (expressed as a percentage) of (i) Consolidated Indebtedness of the Borrower and its Subsidiaries to (ii) Consolidated Capitalization of the Borrower and its Subsidiaries as at the end of any calendar quarter to be greater than 65%.

"Indebtedness" of a person shall be defined to include, without duplication, (i) all indebtedness for borrowed money, (ii) all indebtedness for the deferred purchase price of property or services purchased (excluding current accounts payable incurred in the ordinary course of business), (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired, (iv) all obligations under leases which shall have

been or should be, in accordance with GAAP, recorded as capital leases in respect of which such person is liable as lessee, (v) the face amount of all issued letters of credit (other than letter of credit obligations relating to indebtedness included in Indebtedness pursuant to another clause of this definition) and, without duplication, the unreimbursed amount of all drafts drawn thereunder, (vi) indebtedness secured by any lien on property or assets of such person, whether or not assumed (but in any event not exceeding the fair market value of the property or asset), (vii) all direct guarantees of indebtedness referred to above of another person, (viii) all amounts payable in connection with mandatory redemptions or repurchases of preferred stock or member interests or other preferred or priority equity interests and (ix) any obligations of such person (in the nature of principal or interest) in respect of acceptances or similar obligations issued or created for the account of such person.

“Consolidated Indebtedness” means, at a particular date, all Indebtedness of Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“Consolidated Capitalization” of a person shall be defined as the sum of (i) Consolidated Indebtedness, (ii) consolidated members’ equity as would appear on a consolidated balance sheet of such person and its Subsidiaries prepared in accordance with GAAP, (iii) the aggregate liquidation preference of preferred member or other similar preferred or priority equity interests (other than preferred member or other similar preferred or priority equity interests subject to mandatory redemption or repurchase) of such person and its Subsidiaries upon involuntary liquidation, (iv) the aggregate outstanding amount of all Equity Preferred Securities and (v) minority interests as would appear on a consolidated balance sheet of the Borrower and its subsidiaries prepared in accordance with GAAP.

“Equity Preferred Securities” means any securities, however denominated, (i) issued by the Borrower or any consolidated subsidiary of the Borrower, (ii) that are not subject to mandatory redemption or the underlying securities, if any, of which are not subject to mandatory redemption, (iii) that are perpetual or mature no less than 20 years from the date of issuance, (iv) the indebtedness issued in connection with which, including any guaranty, is subordinated in right of payment to the unsecured and unsubordinated indebtedness of the issuer of such indebtedness or guaranty

and (v) the terms of which permit the deferral of interest or distributions thereon to a date occurring after the first anniversary of the applicable Maturity Date.

Events of Default Under Facility:

The Facility will include the following Events of Default:

- (1) Failure to make principal payments when due, or to pay any interest or fees payable under such Facility within five days of the due date.
- (2) Failure to meet covenants (with 30-day grace period for affirmative covenants).
- (3) Representations or warranties false in any material respect when made.
- (4) Failure to pay other Material Debt of the Borrower and its Material Subsidiaries when due or within any applicable grace period; acceleration of other Material Debt.
- (5) Any person or group shall acquire more than 50% of the voting stock of Duke Energy Corporation (“DEC”); or in any twelve-month period, directors who are directors of DEC on the first day of such period (together with any successors nominated or appointed by such directors in the ordinary course) shall cease to constitute a majority of the Board of Directors of DEC; or the Borrower shall cease to be a subsidiary of DEC.
- (6) Other usual defaults with respect to the Borrower and Material Subsidiaries, including but not limited to insolvency, bankruptcy, ERISA and judgment defaults.

Upon an Event of Default, the holders of not less than 66 2/3% of the credit exposures may exercise customary default remedies.

Successor Administrative Agents Under Facility:

Any and all successor Administrative Agents will be selected by the Borrower with the consent of the Lenders (such consent not to be unreasonably withheld or delayed).

Indemnification Under Facility:

The Borrower will indemnify the Lenders and their respective affiliates, directors, officers and agents against all liabilities, losses, damages, costs and expenses incurred by any such person in connection with any investigative, administrative or judicial proceeding relating to or arising out of the Facility, except for any such expenses caused by such person’s gross negligence or willful misconduct.

Expenses Under Facility:

The Borrower agrees to reimburse the Administrative Agent for the reasonable legal fees and expenses of outside counsel

for the Administrative Agent and other reasonable out-of-pocket expenses.

***Governing Law Under
Facility:***

The law of the State of New York.

Certain Definitions

“Base Rate” means the higher of the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1%, or that rate in effect from day to day defined as the **“prime”** or **“base”** rate as announced by the Administrative Agent.

“LIBOR” means the rate for deposits in U.S. Dollars, with maturities comparable to the selected LIBOR Interest Period (as defined below), that appears on the display designated as page **“3750”** of the Telerate Service (or such other page as may replace the 3750 page of that service or if the Telerate Service shall cease displaying such rates, such other service or services as may be nominated by the British Bankers’ Association for the purpose of displaying London Interbank Offered Rates for U.S. Dollar deposits), determined as of 11:00 a.m. London time two business days prior to the commencement of such Interest Period.

“LIBOR Interest Period” means a period of one, two, three, six or, if available, nine or twelve months. LIBOR pricing will be adjusted to the extent of actual costs incurred by a Lender under Regulation D reserve requirements. The LIBOR pricing provisions will also include yield protection, capital adequacy and illegality clauses. Before assessing any such items to the Borrower, such Lender will take such actions as will reduce or eliminate such items and are not disadvantageous to such Lender. If a Lender assesses the Borrower for any such item, the Borrower will have the right to substitute a new lender for such Lender.

“Material Debt” means Indebtedness of the Borrower or any of its Material Subsidiaries in an aggregate principal amount exceeding \$150,000,000.

“Material Subsidiary” means at any time any subsidiary of the Borrower that is a **“significant subsidiary”** (as such term is defined on the Effective Date in Regulation S-X of the Securities and Exchange Commission (17 CFR 201.1-02(w)), but treating all references therein to the **“registrant”** as references to the Borrower).

“Mortgage Indenture” means the First and Refunding Mortgage between the Borrower and JPMorgan Chase Bank, as successor trustee, dated as of December 1, 1927, as amended or supplemented from time to time.

Pricing Schedule

(basis points per annum)

Basis for Pricing	at least A by S&P or A2 by Moody's	at least A- by S&P or A3 by Moody's	at least BBB+ by S&P or Baa1 by Moody's	at least BBB by S&P or Baa2 by Moody's	at least BBB- by S&P or Baa3 by Moody's	less than BBB- by S&P and less than Baa3 by Moody's
Facility Fee*	6.0	7.0	8.0	10.0	12.5	17.5
Applicable Margin						
Utilization** 50%	19.0	23.0	27.0	35.0	47.5	60.0
Utilization **> 50%	24.0	28.0	32.0	40.0	52.5	65.0

The Borrower must obtain a Credit Rating from two leading rating agencies, to include at a minimum either Standard & Poor's, a division of the McGraw-Hill Companies, together with its successors ("**S&P**"), or Moody's Investors Service ("**Moody's**"), and formally notify the Administrative Agent of the current ratings. If the ratings are split, the applicable pricing will be based upon the higher rating assigned by S&P or Moody's; *provided* that if the rating differential is more than one notch, the applicable pricing will be based on a rating one notch higher than the lower rating. A change in credit rating will result in an immediate change in the applicable pricing.

The Applicable Margin for the Term Loan shall equal the sum of (i) the rate that would otherwise be in effect based upon the table above and (ii) 12.5 basis points.

* The Facility Fee will accrue from and including the Effective Date to but excluding the Maturity Date on the aggregate amount of the commitments (whether used or unused) and, for so long thereafter as any letters of credit or loans remain outstanding, on the aggregate amount thereof.

** Utilization is a fraction the numerator of which is the aggregate outstanding amount of the letters of credit and loans under the Facility and the denominator of which is the aggregate amount of the commitments. If for any reason letters of credit or loans remain outstanding following termination of the commitments, utilization will be deemed to be 100%.